



General Assembly

**Substitute Bill No. 5159**

February Session, 2008

\* \_\_\_\_\_ HB05159JUD \_\_\_\_\_ 041108 \_\_\_\_\_ \*

**AN ACT MODERNIZING INSURANCE DEPARTMENT FINES AND  
MAKING MINOR TECHNICAL REVISIONS TO THE INSURANCE  
STATUTES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-2 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2008*):

3 Any person or corporation violating any provision of this title for  
4 the violation of which no other penalty is provided shall be fined not  
5 more than [seven thousand five hundred] fifteen thousand dollars.

6 Sec. 2. Subsection (c) of section 38a-41 of the general statutes is  
7 repealed and the following is substituted in lieu thereof (*Effective*  
8 *October 1, 2008*):

9 (c) The commissioner may, at any time, for cause, suspend, revoke  
10 or refuse to renew any such license or in lieu of or in addition to  
11 suspension or revocation of such license the commissioner, after  
12 reasonable notice to and hearing of any holder of such license, may  
13 impose a fine not to exceed [ten] fifty thousand dollars. Such hearings  
14 may be held by the commissioner or any person designated by the  
15 commissioner. Whenever a person other than the commissioner acts as  
16 the hearing officer, the person shall submit to the commissioner a  
17 memorandum of the person's findings and recommendations upon

18 which the commissioner may base a decision. The commissioner may,  
19 if the commissioner deems it in the interest of the public, publish in  
20 one or more newspapers of the state a statement that, under the  
21 provisions of this section, the commissioner has suspended or revoked  
22 the license of any insurance company or health care center to do  
23 business in this state.

24 Sec. 3. Subsection (h) of section 38a-48 of the general statutes is  
25 repealed and the following is substituted in lieu thereof (*Effective*  
26 *October 1, 2008*):

27 (h) If any assessment is not paid when due, a penalty of [ten]  
28 twenty-five dollars shall be added thereto, and interest at the rate of six  
29 per cent per annum shall be paid thereafter on such assessment and  
30 penalty.

31 Sec. 4. Subsection (e) of section 38a-53 of the 2008 supplement to the  
32 general statutes is repealed and the following is substituted in lieu  
33 thereof (*Effective October 1, 2008*):

34 (e) Any insurance company or health care center doing business in  
35 this state which fails to file any report or statement required under this  
36 section shall pay a late filing fee of one hundred seventy-five dollars  
37 per day for each day from the due date of such report or statement to  
38 the date of filing.

39 Sec. 5. Subsection (a) of section 38a-90f of the general statutes is  
40 repealed and the following is substituted in lieu thereof (*Effective*  
41 *October 1, 2008*):

42 (a) If the commissioner finds after reasonable notice and hearing  
43 that the managing general agent or any other person has not materially  
44 complied with any provision of sections 38a-90 to 38a-90h, inclusive, or  
45 any regulation or order [promulgated] adopted thereunder, the  
46 commissioner may order: (1) For each separate violation, a penalty in  
47 an amount of [ten] fifteen thousand dollars, and (2) revocation or  
48 suspension of the person's insurance license.

49 Sec. 6. Subsections (c) to (f), inclusive, of 38a-140 of the general  
50 statutes are repealed and the following is substituted in lieu thereof  
51 (*Effective October 1, 2008*):

52 (c) (1) Whenever it appears to the commissioner that any insurance  
53 company or any director, officer, employee or agent thereof has  
54 committed a wilful violation of sections 38a-129 to 38a-140, inclusive,  
55 as amended by this act, the commissioner may cause criminal  
56 proceedings to be instituted by the state's attorney for the judicial  
57 district in which the principal office of the insurance company is  
58 located or, if such insurance company has no such office in the state,  
59 by the state's attorney for the judicial district of Hartford against such  
60 insurance company or the responsible director, officer, employee or  
61 agent thereof. Any insurance company [which] that wilfully violates  
62 said sections shall be fined not more than [ten] fifty thousand dollars.  
63 Any individual who wilfully violates said sections shall be fined not  
64 more than [three] fifteen thousand dollars or, if such wilful violation  
65 involves the deliberate perpetration of a fraud upon the commissioner,  
66 shall be imprisoned not more than two years or so fined or both.

67 (2) Any officer, director or employee of an insurance holding  
68 company system who wilfully and knowingly subscribes to or makes  
69 or causes to be made any false [statements] statement or false [reports]  
70 report or false [filings] filing with the intent to deceive the  
71 commissioner in the performance of his or her duties under sections  
72 38a-129 to 38a-140, inclusive, as amended by this act, upon conviction  
73 thereof, shall be imprisoned not more than five years or fined not more  
74 than [twenty-five] fifty thousand dollars or both. Any fines imposed  
75 shall be paid by the officer, director or employee in his or her  
76 individual capacity.

77 (d) Whenever it appears to the commissioner that any person has  
78 committed a violation of sections 38a-129 to 38a-140, inclusive, [which]  
79 as amended by this act, that makes the continued operation of an  
80 insurance company contrary to the interests of its policyholders or the  
81 public, the commissioner may, after giving notice and an opportunity

82 to be heard, suspend, revoke or refuse to renew such insurance  
83 company's license or authority to do business in this state for such  
84 period as he finds is required for the protection of its policyholders or  
85 the public.

86 (e) Any insurance company failing, without just cause, to file any  
87 registration statement as required in section 38a-135 shall be required,  
88 after notice and hearing, to pay a penalty of one hundred fifty dollars  
89 for each day's delay, to be recovered by the commissioner, and the  
90 penalty so recovered shall be paid into the Insurance Fund established  
91 under section 38a-52a. The maximum penalty under this section [is  
92 ten] shall be fifteen thousand dollars. The commissioner may reduce  
93 the penalty if the insurance company demonstrates to the  
94 commissioner that the imposition of the penalty would constitute a  
95 hardship to the insurance company.

96 (f) [Every] Each director or officer of any insurance holding  
97 company system who wilfully and knowingly violates, participates in,  
98 or assents to, or who wilfully and knowingly [shall permit] permits  
99 any of the officers or agents of the insurance company to engage in  
100 transactions or make investments [which] that have not been properly  
101 reported or submitted pursuant to section 38a-135 or 38a-136, or  
102 [which] that violate sections 38a-129 to 38a-140, inclusive, as amended  
103 by this act, shall pay, in their individual capacity, a civil forfeiture of  
104 not more than [five thousand] seven thousand five hundred dollars  
105 per violation, after notice and hearing before the commissioner. Any  
106 civil forfeiture so recovered shall be paid into the Insurance Fund as  
107 established under section 38a-52a. In determining the amount of the  
108 civil forfeiture, the commissioner shall take into account the  
109 appropriateness of the forfeiture with respect to the gravity of the  
110 violation, the history of previous violations, and such other matters as  
111 [he] the commissioner deems necessary.

112 Sec. 7. Subsection (b) of section 38a-164 of the general statutes is  
113 repealed and the following is substituted in lieu thereof (*Effective*  
114 *October 1, 2008*):

115 (b) Before the commissioner may revoke, suspend, or refuse to  
116 renew the license of any insurance premium finance company for  
117 cause shown, [he] the commissioner shall give to such company an  
118 opportunity to be fully heard and to introduce evidence [in] on its  
119 behalf. In addition to or in lieu of such suspension or revocation of any  
120 license the commissioner may impose a fine not to exceed [one] five  
121 thousand dollars [in respect of] for each violation of any of the  
122 provisions of subsection (a) of this section, and if [in his judgment he]  
123 the commissioner finds that the public interest would not be  
124 substantially harmed by the continued operation of such company,  
125 [he] the commissioner shall not be [obliged] required to suspend,  
126 revoke or refuse to renew any such license. The amount of any such  
127 fine shall be paid to the commissioner for deposit in the General Fund.  
128 In any hearing held under the provisions of sections 38a-160 to 38a-  
129 170, inclusive, the commissioner, or any hearing officer duly appointed  
130 by the commissioner, may administer oaths to witnesses and any  
131 person testifying falsely, after being administered such oath, shall be  
132 guilty of perjury.

133 Sec. 8. Section 38a-226b of the general statutes is repealed and the  
134 following is substituted in lieu thereof (*Effective October 1, 2008*):

135 (1) Whenever the commissioner has reason to believe that a  
136 utilization review company subject to sections 38a-226 to 38a-226d,  
137 inclusive, has been or is engaging in conduct in violation of said  
138 sections, and that a proceeding by [him in respect thereto] the  
139 commissioner would be in the interest of the public, the commissioner  
140 shall issue and serve upon such company a statement of the charges in  
141 that respect and a notice of a hearing to be held at a time and place  
142 fixed in the notice, which shall not be less than thirty days after the  
143 date of service. At the time and place fixed for such hearing, such  
144 company shall have an opportunity to be heard and to show cause  
145 why an order should not be made by the commissioner requiring such  
146 company to cease and desist from the alleged conduct complained of.

147 (2) If, after such hearing, the commissioner determines that the

148 utilization review company charged has engaged in a violation of  
149 sections 38a-226 to 38a-226d, inclusive, [he] the commissioner shall  
150 reduce [his] the findings to writing and shall issue and cause to be  
151 served upon the utilization review company a copy of such findings  
152 and an order requiring such company to cease and desist from  
153 engaging in such violation. The commissioner may [, at his discretion,]  
154 order any [one or more] of the following:

155 (A) Payment of a civil penalty of not more than one thousand five  
156 hundred dollars for each [and every] act or violation, provided such  
157 penalty shall not exceed an aggregate penalty of [ten] fifteen thousand  
158 dollars unless the company knew or reasonably should have known it  
159 was in violation of sections 38a-226 to 38a-226d, inclusive, in which  
160 case the penalty shall be not more than [five thousand] seven thousand  
161 five hundred dollars for each [and every] act or violation not to exceed  
162 an aggregate penalty of [fifty] seventy-five thousand dollars in any six-  
163 month period;

164 (B) Suspension or revocation of the utilization review company's  
165 license to do business in this state if it knew or reasonably should have  
166 known that it was in violation of sections 38a-226 to 38a-226d,  
167 inclusive; [and] or

168 (C) Payment of such reasonable expenses as may be necessary to  
169 compensate the commissioner in connection with the proceedings  
170 under this subdivision, which shall be dedicated exclusively to the  
171 regulation of utilization review.

172 (3) Any company aggrieved by any such order of the commissioner  
173 may appeal therefrom in accordance with the provisions of section 4-  
174 183, except venue for such appeal shall be in the judicial district of  
175 New Britain.

176 (4) Any person who violates a cease and desist order of the  
177 commissioner made pursuant to this section and while such order is in  
178 effect shall, after notice and hearing and upon order of the  
179 commissioner, be subject to the following: (A) A civil penalty of not

180 more than [fifty] seventy-five thousand dollars; or (B) suspension or  
181 revocation of such person's license.

182 Sec. 9. Subsection (d) of section 38a-226c of the general statutes is  
183 repealed and the following is substituted in lieu thereof (*Effective*  
184 *October 1, 2008*):

185 (d) No provider, enrollee or agent thereof may provide to any  
186 utilization review company information which is fraudulent or  
187 misleading. If fraudulent or misleading statements have occurred, the  
188 commissioner shall provide notice of the alleged violation and  
189 opportunity to request a hearing in accordance with chapter 54 to said  
190 provider, enrollee or agent thereof. If a hearing is not requested or if  
191 after a hearing the commissioner finds that a violation has in fact  
192 occurred, the commissioner may impose a civil penalty (1) of not more  
193 than [five thousand] seven thousand five hundred dollars, or (2)  
194 commensurate with the value of services provided which were  
195 certified as a result of said fraudulent or misleading information. In  
196 addition, any allegation or denial made without reasonable cause and  
197 found untrue shall subject the party pleading the same to the payment  
198 of such reasonable expenses as may be necessary to compensate the  
199 department for expenses incurred due to such untrue pleading. All  
200 such payments to the department shall be dedicated exclusively to the  
201 regulation of utilization review.

202 Sec. 10. Subsection (e) of section 38a-277 of the general statutes is  
203 repealed and the following is substituted in lieu thereof (*Effective*  
204 *October 1, 2008*):

205 (e) If the insured fails to withhold from the premium the amount of  
206 tax herein levied, the insured shall be liable for the amount thereof and  
207 shall pay the same to the Commissioner of Revenue Services within  
208 the time stated in subsection (c) of this section. Any person who fails to  
209 pay the tax within the time stated in subsection (c) of this section shall  
210 pay a penalty of ten per cent thereof or [fifty] seventy-five dollars,  
211 whichever is greater, which penalty shall be paid at the time of paying

212 such tax. Interest shall be added to the tax at the rate of one per cent  
213 per month or fraction thereof from the date such payment was due to  
214 the date paid. Subject to the provisions of section 12-3a, the  
215 [commissioner] Commissioner of Revenue Services may waive all or  
216 part of the penalties provided under this section when it is proven to  
217 [his] said commissioner's satisfaction that the failure to pay any tax  
218 was due to reasonable cause and was not intentional or due to neglect.

219 Sec. 11. Section 38a-278 of the general statutes is repealed and the  
220 following is substituted in lieu thereof (*Effective October 1, 2008*):

221 (a) Any unauthorized insurer who does any act of an insurance  
222 business as set forth in section 38a-271 shall be fined not more than  
223 [ten] fifty thousand dollars.

224 (b) In addition to the penalty provided in subsection (a) of this  
225 section or otherwise provided by law, any person or insurer violating  
226 section 38a-27 or 38a-271 to 38a-278, inclusive, as amended by this act,  
227 shall be fined two thousand five hundred dollars for the first offense  
228 and an additional two thousand five hundred dollars for each month  
229 during which any such person or insurer continues such violation.

230 Sec. 12. Section 38a-287 of the general statutes is repealed and the  
231 following is substituted in lieu thereof (*Effective October 1, 2008*):

232 Any person who obtains or attempts to obtain, from any life or  
233 accident insurance company of this state, any money on any policy of  
234 insurance issued by it, by falsely or fraudulently representing the  
235 insured person as dead or the person insured against accident as  
236 injured, or fraudulently obtains or attempts to obtain any money from  
237 such company upon a policy of insurance issued in the name of a  
238 fictitious person, shall, (1) if the sum so obtained or attempted to be  
239 obtained is [one hundred] two thousand dollars or more, be  
240 imprisoned not more than ten years, [;] and [,] (2) if such sum is less  
241 than [one hundred] two thousand dollars, [he shall] be fined not more  
242 than [five hundred] ten thousand dollars or imprisoned not more than  
243 one year, or both.



244 Sec. 13. Section 38a-306 of the general statutes is repealed and the  
245 following is substituted in lieu thereof (*Effective October 1, 2008*):

246 The form of policy of fire insurance set forth in section 38a-307 shall  
247 be known and designated as "The Standard Fire Insurance Policy of  
248 the State of Connecticut". The standard form of policy shall be plainly  
249 printed, and no portion thereof shall be in type smaller than the type  
250 used in printing such form on file in the office of the commissioner.  
251 The provisions of this section shall not limit insurance companies to  
252 the use of any particular size of paper or manner of folding the paper  
253 upon which their policies may be issued, and each agent who makes,  
254 issues or delivers a policy of fire insurance other than the standard  
255 form of fire insurance policy shall forfeit for each offense not more  
256 than [two hundred] one thousand dollars, [;] but such policy shall be  
257 binding upon the issuing company [issuing the same] to the same  
258 extent and on the same conditions as if it had been in the standard  
259 form.

260 Sec. 14. Subsection (a) of section 38a-456 of the general statutes is  
261 repealed and the following is substituted in lieu thereof (*Effective*  
262 *October 1, 2008*):

263 (a) Any individual, partnership, corporation or unincorporated  
264 association providing group life insurance coverage for its employees  
265 shall furnish each insured employee, upon cancellation or  
266 discontinuation of such life insurance, notice of the cancellation or  
267 discontinuation of such insurance. The notice shall be mailed or  
268 delivered to the insured employee not less than fifteen days next  
269 preceding the effective date of cancellation or discontinuation. Any  
270 individual or any such entity [which] that fails to provide timely notice  
271 shall be fined not more than [one] two thousand dollars for each  
272 violation. The Labor Commissioner shall have the authority to assess  
273 all such fines. This section shall apply to any such individual,  
274 partnership, corporation or unincorporated association [which] that  
275 substitutes one policy providing such group life insurance coverage for  
276 another such policy with no interruption in coverage.

277 Sec. 15. Section 38a-464 of the general statutes is repealed and the  
278 following is substituted in lieu thereof (*Effective October 1, 2008*):

279 A "burial contract" or "burial certificate", within the meaning of this  
280 section, is any instrument in writing whereby any person, firm,  
281 corporation or association, in consideration of the payment of a  
282 specified sum of money or for any other valuable consideration,  
283 promises or agrees to embalm or inter or otherwise dispose of, or to  
284 procure the embalment or interment or other disposal of, the  
285 remains of any person who is living at the time of the execution of  
286 such instrument. No person, firm, corporation or association shall  
287 transact the business of issuing burial contracts or burial certificates  
288 until such person, firm, corporation or association has procured from  
289 the commissioner a license to conduct such business under such  
290 regulations as the commissioner [prescribes] may prescribe in  
291 accordance with chapter 54. All the applicable provisions of the  
292 general statutes which pertain to and govern the issuance of policies of  
293 life insurance are made applicable to and shall govern the issuance of  
294 burial contracts or burial certificates. Any person who violates any  
295 provision of this section shall be fined not more than [five hundred] six  
296 thousand dollars or imprisoned not more than one year, or both.

297 Sec. 16. Section 38a-506 of the general statutes is repealed and the  
298 following is substituted in lieu thereof (*Effective October 1, 2008*):

299 Any insurer, hospital or medical service corporation, health care  
300 center or fraternal benefit society, or any officer or agent thereof,  
301 delivering or issuing for delivery to any person in this state any policy  
302 in violation of any of the provisions of sections 38a-481 to 38a-488,  
303 inclusive, shall be fined not more than [five hundred] ten thousand  
304 dollars for each offense, and the commissioner may revoke the license  
305 of any foreign or alien insurer, or any agent thereof, violating any of  
306 said provisions.

307 Sec. 17. Subsection (a) of section 38a-537 of the general statutes is  
308 repealed and the following is substituted in lieu thereof (*Effective*

309 October 1, 2008):

310 (a) Any individual, partnership, corporation, or unincorporated  
311 association providing group health insurance coverage for its  
312 employees shall furnish each insured employee, upon cancellation or  
313 discontinuation of such health insurance, notice of the cancellation or  
314 discontinuation of such insurance. The notice shall be mailed or  
315 delivered to the insured employee not less than fifteen days next  
316 preceding the effective date of cancellation or discontinuation. Any  
317 individual or any such entity [which] that fails to provide timely notice  
318 shall be fined not more than [one] two thousand dollars for each  
319 violation. The Labor Commissioner shall have the authority to assess  
320 all such fines. This section shall apply to any such individual,  
321 partnership, corporation or unincorporated association [which] that  
322 substitutes one policy providing [such] group health insurance  
323 coverage for another such policy with no interruption in coverage.

324 Sec. 18. Section 38a-548 of the general statutes is repealed and the  
325 following is substituted in lieu thereof (*Effective October 1, 2008*):

326 Any insurer, hospital or medical service corporation, health care  
327 center or fraternal benefit society, or any officer or agent thereof,  
328 delivering or issuing for delivery to any person in this state any policy  
329 in violation of any of the provisions of sections 38a-512 to 38a-533,  
330 inclusive, 38a-537 to 38a-542, inclusive, as amended by this act, and  
331 38a-545, shall be fined not more than [five hundred] one thousand  
332 dollars for each offense, and the commissioner may revoke the license  
333 of any foreign or alien insurer, or any agent thereof, violating any of  
334 those provisions.

335 Sec. 19. Section 38a-588 of the general statutes is repealed and the  
336 following is substituted in lieu thereof (*Effective October 1, 2008*):

337 Any dental plan organization [which] that violates any provision of  
338 sections 38a-577 to 38a-590, inclusive, or neglects, fails or refuses to  
339 comply with any of the requirements of said sections, except the failure  
340 to file an annual report and the failure to reply in writing to inquiries

341 of the commissioner, shall be liable for a civil penalty of not more than  
342 one thousand five hundred dollars for each violation. The  
343 commissioner may bring a civil action to recover the amount of a civil  
344 penalty.

345 Sec. 20. Section 38a-622 of the general statutes is repealed and the  
346 following is substituted in lieu thereof (*Effective October 1, 2008*):

347 No person shall cause or permit to be made, issued or circulated in  
348 any form: (a) Any misrepresentation or false or misleading statement  
349 concerning the terms, benefits or advantages of any fraternal insurance  
350 contract issued or to be issued in this state, or the financial condition of  
351 any society; (b) any false or misleading estimate or statement  
352 concerning the dividends or shares of surplus paid or to be paid by  
353 any society on any insurance contract; or (c) any incomplete  
354 comparison of an insurance contract of one society with an insurance  
355 contract of another society or insurer for the purpose of inducing the  
356 lapse, forfeiture or surrender of any insurance contract. A comparison  
357 of insurance contracts is incomplete if it does not compare in detail: (1)  
358 The gross rates, and the gross rates less any dividend or other  
359 reduction allowed at the date of the comparison; (2) any increase in  
360 cash values, and all the benefits provided by each contract for the  
361 possible duration thereof as determined by the life expectancy of the  
362 insured; or if it omits from consideration; (3) any benefit or value  
363 provided in the contract; (4) any differences as to amount or period of  
364 rates; or (5) any differences in limitations or conditions or provisions  
365 which directly or indirectly affect the benefits. In any determination of  
366 the incompleteness or misleading character of any comparison or  
367 statement, it shall be presumed that the insured had no knowledge of  
368 any of the contents of the contract involved. Any person who violates  
369 any provision of this section, or knowingly receives any compensation  
370 or commission by or in consequence of such violation, shall be fined  
371 not less than [one hundred] two thousand dollars [nor] or more than  
372 [five hundred] ten thousand dollars or be imprisoned not less than  
373 thirty days [nor] or more than one year, or be both fined and  
374 imprisoned, and shall, in addition, be liable for civil penalty in the

375 amount of three times the sum received by such violator as  
376 compensation or commission, which penalty may be sued for and  
377 recovered by any person or society aggrieved for his or its own use  
378 and benefit in accordance with the provisions of civil practice.

379       Sec. 21. Section 38a-626 of the general statutes is repealed and the  
380 following is substituted in lieu thereof (*Effective October 1, 2008*):

381       Any person who wilfully makes a false or fraudulent statement in  
382 or relating to an application for membership or for the purpose of  
383 obtaining money from or a benefit in any society shall be fined not less  
384 than [one hundred] two thousand dollars [nor] or more than [five  
385 hundred] ten thousand dollars or imprisoned not less than thirty days  
386 [nor] or more than one year or both. Any person who wilfully makes a  
387 false or fraudulent statement in any verified report or declaration  
388 under oath required or authorized by sections 38a-595 to 38a-626,  
389 inclusive, as amended by this act, 38a-631 to 38a-640, inclusive, and  
390 38a-800, or of any material fact or thing contained in a sworn statement  
391 concerning the death or disability of a member for the purpose of  
392 procuring payment of a benefit named in the certificate, shall be guilty  
393 of false statement and shall be subject to the penalties therefor. Any  
394 person who solicits membership for, or in any manner assists in  
395 procuring membership in, any society not licensed to do business in  
396 this state shall be fined not less than [fifty] one thousand dollars [nor]  
397 or more than [two hundred] four thousand dollars. Any person guilty  
398 of a wilful violation of, or neglect or refusal to comply with, the  
399 provisions of said sections for which a penalty is not otherwise  
400 prescribed shall be fined not more than [two hundred] four thousand  
401 dollars.

402       Sec. 22. Section 38a-658 of the general statutes is repealed and the  
403 following is substituted in lieu thereof (*Effective October 1, 2008*):

404       Any person, firm or corporation violating any provision of sections  
405 38a-645 to 38a-658, inclusive, as amended by this act, shall be fined not  
406 more than [two hundred and fifty] one thousand five hundred dollars

407 or imprisoned not more than two years, or both. The commissioner  
408 may revoke or suspend the license or certificate of authority of the  
409 person guilty of such violation. Such order for suspension or  
410 revocation shall be after notice and hearing, and shall be subject to  
411 judicial review as provided in section 38a-657.

412 Sec. 23. Section 38a-680 of the general statutes is repealed and the  
413 following is substituted in lieu thereof (*Effective October 1, 2008*):

414 Any person, insurer, organization, group or association that fails to  
415 comply with the final order of the Insurance Commissioner pursuant  
416 to sections 38a-663 to 38a-696, inclusive, shall be fined not more than  
417 [one] two thousand dollars, but if such failure be wilful, not more than  
418 [ten] twenty thousand dollars, or imprisoned not more than one year  
419 or both. The commissioner shall collect the amount so payable and  
420 such penalties may be in addition to any other penalties provided by  
421 law.

422 Sec. 24. Section 38a-703 of the general statutes is repealed and the  
423 following is substituted in lieu thereof (*Effective October 1, 2008*):

424 No person shall, within this state, solicit or procure insurance,  
425 except with regard to his own property or person, with or by any  
426 insurance company [which] that does not hold a certificate then in  
427 force from the commissioner authorizing such insurance company to  
428 do such insurance business in this state, or deliver policies or collect  
429 premiums of or for any such company; nor shall any person aid in any  
430 way in the transaction in this state of any insurance business with or  
431 by any insurance company not thus authorized, except to obtain  
432 insurance upon his own property or person. Any person who aids any  
433 corporation, association or person not authorized to do insurance  
434 business in this state in soliciting such business from residents of this  
435 state, by means of any advertisement published in this state or by any  
436 other means, shall be fined not more than [one hundred] two thousand  
437 dollars or imprisoned not more than six months, or both.

438 Sec. 25. Section 38a-704 of the general statutes is repealed and the

439 following is substituted in lieu thereof (*Effective October 1, 2008*):

440 Any person, partnership, association, limited liability company or  
441 corporation, or any person, partnership, association, limited liability  
442 company or corporation acting under a trade name, [who] that acts  
443 within this state, either on the person's own behalf or as a  
444 representative or agent of any other person or partnership, association,  
445 limited liability company or corporation or any other person,  
446 partnership, association, limited liability company or corporation  
447 acting under a trade name, as an insurance producer, as defined in  
448 section 38a-702a, unless such person holds an insurance producer  
449 license then in force from the commissioner authorizing the person so  
450 to act, shall be fined not more than [five hundred] ten thousand dollars  
451 or imprisoned not more than three months, or both.

452 Sec. 26. Section 38a-713 of the general statutes is repealed and the  
453 following is substituted in lieu thereof (*Effective October 1, 2008*):

454 Any insurance producer who signs or countersigns any policy of  
455 insurance or countersigns any endorsement thereon in blank shall be  
456 fined not more than one [hundred] thousand dollars, and the  
457 commissioner shall revoke the producer's license.

458 Sec. 27. Section 38a-725 of the general statutes is repealed and the  
459 following is substituted in lieu thereof (*Effective October 1, 2008*):

460 Any person who acts within this state, either [in his] on the person's  
461 own behalf or as representative or agent of any other person or any  
462 partnership, association or corporation as a public adjuster, unless  
463 such person holds a license then in force from the commissioner  
464 authorizing [him] the person so to act, shall be fined not more than  
465 [five hundred] ten thousand dollars or imprisoned not more than three  
466 months, or both.

467 Sec. 28. Section 38a-733 of the general statutes is repealed and the  
468 following is substituted in lieu thereof (*Effective October 1, 2008*):

469 A certified insurance consultant who furnishes any advice or  
470 counsel as such consultant, makes any recommendation or gives any  
471 information except under the terms of a previously executed written  
472 contract conforming to section 38a-732 and in full force and effect shall  
473 thereupon, in every case, give to the recipient thereof a statement in  
474 writing, signed by [him] the consultant, in a form currently approved  
475 by the commissioner, specifying the advice, counsel, recommendation  
476 or information given, and a receipt, in a form currently approved by  
477 the commissioner, for the fee paid to [him] the consultant or a  
478 statement, in a form currently approved by the commissioner, of the  
479 fee to be received by [him] the consultant therefor. Any person who  
480 violates any provision of this section shall be fined not less than two  
481 hundred fifty [nor] or more than two thousand five hundred dollars.

482 Sec. 29. Section 38a-734 of the general statutes is repealed and the  
483 following is substituted in lieu thereof (*Effective October 1, 2008*):

484 No person, acting in the capacity of a certified insurance consultant  
485 and as such serving any person, firm, association, organization or  
486 corporation, not engaged in the insurance business, for compensation  
487 paid or to be paid by the person served, shall directly or indirectly  
488 receive any part of any commission or compensation paid by any  
489 insurer or producer in connection with the sale or writing of any  
490 insurance which is within the subject matter of any such service. The  
491 provisions of this section shall not apply to an insurance producer who  
492 is an advisory representative of a registered investment adviser  
493 registered pursuant to the Investment Advisers Act of 1940, 15 USC  
494 80b-1, et seq., provided the insurance producer makes full disclosure  
495 in a written memorandum, signed by the party to be charged, which  
496 specifies the amount of such fee or compensation for services  
497 performed pursuant to the Investment Advisers Act of 1940 and which  
498 also discloses that a commission may be paid to the insurance  
499 producer from the sale of any insurance. Any person violating the  
500 provisions of this section shall be fined not less than two hundred fifty  
501 [nor] or more than two thousand five hundred dollars or be  
502 imprisoned not less than thirty [nor] or more than ninety days, or both.



503 Sec. 30. Section 38a-735 of the general statutes is repealed and the  
504 following is substituted in lieu thereof (*Effective October 1, 2008*):

505 Any person who acts as a certified insurance consultant without  
506 such license or during a suspension of [his] the person's license shall be  
507 fined not less than two hundred fifty [nor] or more than two thousand  
508 five hundred dollars or be imprisoned not more than six months<sub>2</sub> or  
509 both.

510 Sec. 31. Subsection (b) of section 38a-764 of the general statutes is  
511 repealed and the following is substituted in lieu thereof (*Effective*  
512 *October 1, 2008*):

513 (b) [Any] Except as provided in subsection (a) of this section, any  
514 person who in this state acts as fraternal agent for a society without  
515 having authority so to do by virtue of a license issued and in force  
516 pursuant to the provisions of this section [, except as provided in  
517 subsection (a) of this section,] shall be fined not more than [one  
518 hundred] ten thousand dollars.

519 Sec. 32. Section 38a-772 of the general statutes is repealed and the  
520 following is substituted in lieu thereof (*Effective October 1, 2008*):

521 Any person wilfully misrepresenting any fact required to be  
522 disclosed in any application or in any other form, paper or document  
523 required to be filed with the commissioner in connection with an  
524 application for any license issued by the commissioner pursuant to  
525 sections 38a-702j, 38a-703 to 38a-718, inclusive, as amended by this act,  
526 38a-731 to 38a-735, inclusive, as amended by this act, 38a-741 to 38a-  
527 745, inclusive, 38a-769 to 38a-777, inclusive, as amended by this act,  
528 38a-786, as amended by this act, 38a-790, as amended by this act, 38a-  
529 792, as amended by this act, and 38a-794 shall be fined not more than  
530 [five hundred] four thousand dollars or imprisoned not more than six  
531 months<sub>2</sub> or both.

532 Sec. 33. Section 38a-773 of the general statutes is repealed and the  
533 following is substituted in lieu thereof (*Effective October 1, 2008*):

534 Any person impersonating or attempting or offering to impersonate  
535 another person in taking or attempting or offering to take any  
536 examination held in accordance with the regulations of the Insurance  
537 Department, or procuring any other person falsely to take or attempt  
538 or offer to take any such examination for an applicant for a license,  
539 shall be fined not more than [five hundred] four thousand dollars or  
540 imprisoned not more than six months, or both.

541 Sec. 34. Subsection (a) of section 38a-774 of the general statutes is  
542 repealed and the following is substituted in lieu thereof (*Effective*  
543 *October 1, 2008*):

544 (a) The commissioner, after reasonable notice to and hearing of any  
545 [holder of a license issued by the commissioner] licensee, may suspend  
546 or revoke the licensee's license for cause shown. In addition to or in  
547 lieu of suspension or revocation, the commissioner may impose a fine  
548 not to exceed [one] five thousand dollars. Hearings may be held by the  
549 commissioner or by any person designated by the commissioner.  
550 Whenever a person other than the commissioner acts as the hearing  
551 officer, [he] such person shall submit to the commissioner a  
552 memorandum of [his] the findings and recommendations upon which  
553 the commissioner may base [his] a decision.

554 Sec. 35. Section 38a-777 of the general statutes is repealed and the  
555 following is substituted in lieu thereof (*Effective October 1, 2008*):

556 Any licensee under sections 38a-741 to 38a-744, inclusive, [38a-777  
557 and] or section 38a-794 who negotiates, continues or renews any  
558 contract for insurance in any unauthorized company, and who  
559 neglects to make and file the affidavit and statements required by said  
560 sections, or who wilfully makes a false affidavit or statement, or who  
561 negotiates, continues or renews any such contract of insurance after  
562 the revocation or during the suspension of the licensee's license, shall  
563 forfeit the license if not previously revoked and shall be fined not more  
564 than [five hundred] four thousand dollars or imprisoned not more  
565 than six months, or both.

566 Sec. 36. Subsection (c) of section 38a-786 of the general statutes is  
567 repealed and the following is substituted in lieu thereof (*Effective*  
568 *October 1, 2008*):

569 (c) The commissioner may at any time require such information as  
570 [he] the commissioner deems necessary [in] with respect to the  
571 business methods, policies and transactions of a licensee under this  
572 section. Any person who fails or refuses to furnish the commissioner,  
573 in such form as [he] the commissioner may require, any such  
574 information within ten days after receiving a written request therefor  
575 shall be fined not less than two hundred fifty [nor] or more than two  
576 thousand five hundred dollars.

577 Sec. 37. Subsection (b) of section 38a-790 of the general statutes is  
578 repealed and the following is substituted in lieu thereof (*Effective*  
579 *October 1, 2008*):

580 (b) Any person who violates any provision of this section shall be  
581 fined not more than two thousand five hundred dollars or imprisoned  
582 not more than one year, or both.

583 Sec. 38. Subsection (c) of section 38a-792 of the general statutes is  
584 repealed and the following is substituted in lieu thereof (*Effective*  
585 *October 1, 2008*):

586 (c) Any person who violates any provision of this section shall be  
587 fined not more than two [hundred] thousand dollars or imprisoned  
588 not more than one year or both.

589 Sec. 39. Section 38a-817 of the general statutes is repealed and the  
590 following is substituted in lieu thereof (*Effective October 1, 2008*):

591 (a) Whenever the commissioner has reason to believe that any such  
592 person has been engaged or is engaging in violation of sections 38a-815  
593 to 38a-819, inclusive, in any unfair method of competition or any  
594 unfair or deceptive act or practice defined in section 38a-816, and that a  
595 proceeding by [him] the commissioner in respect thereto would be [to]

596 in the interest of the public, [he] the commissioner shall issue and  
597 serve upon such person a statement of the charges in that respect and a  
598 notice of a hearing thereon to be held at a time and place fixed in the  
599 notice, which shall not be less than thirty days after the date of the  
600 service thereof. At the time and place fixed for such hearing, such  
601 person shall have an opportunity to be heard and to show cause why  
602 an order should not be made by the commissioner requiring such  
603 person to cease and desist from the acts, methods or practices so  
604 complained of. Upon good cause shown, the commissioner shall  
605 permit any person to intervene, appear and be heard at such hearing  
606 by counsel or in person. The commissioner, upon such hearing, may  
607 administer oaths, examine and cross-examine witnesses and receive  
608 oral and documentary evidence, and shall have the power to subpoena  
609 witnesses, compel their attendance and require the production of  
610 books, papers, records, correspondence or other documents [which he]  
611 that the commissioner deems relevant to the inquiry. [In case of a  
612 refusal of] If any person refuses to comply with any subpoena issued  
613 hereunder or to testify with respect to any matter concerning which  
614 [he] the person may be lawfully interrogated, the superior court for the  
615 judicial district of New Britain or the superior court for the judicial  
616 district where such person resides [, on application of the  
617 commissioner,] may, on application of the commissioner, issue an  
618 order requiring such person to comply with such subpoena and to  
619 testify. [; and any] Any failure to obey any such order of the court may  
620 be punished by the court as a contempt thereof. Statements of charges,  
621 notices, orders and other processes of the commissioner under sections  
622 38a-815 to 38a-819, inclusive, may be served in the manner provided  
623 by law for service of process in civil actions.

624 (b) If, after such hearing, the commissioner determines that the  
625 person charged has engaged in an unfair method of competition or an  
626 unfair or deceptive act or practice, the commissioner shall reduce the  
627 [commissioner's] findings to writing and shall issue and cause to be  
628 served upon the person charged with the violation a copy of such  
629 findings and an order requiring such person to cease and desist from

engaging in such method of competition, act or practice and if the act or practice is a violation of section 38a-816, the commissioner may [, at the commissioner's discretion] order any [one or more] of the following: (1) Payment of a monetary penalty of not more than [one] five thousand dollars for each [and every] act or violation but not to exceed an aggregate penalty of [ten] fifty thousand dollars unless the person knew or reasonably should have known that the person was in violation of [section] sections 38a-815 [,] and 38a-816, this subsection and subsection (e) of this section, in which case the penalty shall be not more than [five] twenty-five thousand dollars for each [and every] act or violation but not to exceed an aggregate penalty of two hundred fifty thousand dollars in any six-month period; (2) suspension or revocation of the person's license if the person knew or reasonably should have known the person was in violation of said sections and subsections; or (3) restitution of any sums shown to have been obtained in violation of any of the provisions of said sections or any regulation implementing the provisions of said sections.

(c) Any person aggrieved by any such order of the commissioner may appeal therefrom in accordance with the provisions of section 4-183, except venue for such appeal shall be in the judicial district of New Britain.

(d) No order of the commissioner under sections 38a-815 to 38a-819, inclusive, shall relieve or absolve any person affected by such order from any liability under any other laws of this state.

(e) Any person who violates a cease and desist order of the commissioner made pursuant to this section and while such order is in effect shall, after notice and hearing and upon order of the commissioner, be subject to any [one or more] of the following: (1) A monetary penalty of not more than [ten] fifty thousand dollars for each [and every] act or violation; or (2) suspension or revocation of such person's license.

Sec. 40. Section 38a-826 of the general statutes is repealed and the

662 following is substituted in lieu thereof (*Effective October 1, 2008*):

663 No insurance company, producer or any other person,  
664 copartnership or corporation shall make or issue, or cause to be made  
665 or issued, any written or oral statements, misrepresenting or making  
666 incomplete comparisons regarding the terms or conditions or benefits  
667 contained in any policy or contract of insurance, legally issued by any  
668 insurance company licensed to transact business in this state, for the  
669 purpose of inducing or attempting to induce the owner of such policy  
670 or contract of insurance to forfeit or surrender such policy or contract  
671 of insurance or allow it to lapse for the purpose of replacing such  
672 policy or contract of insurance with another. Any person who violates  
673 any provision of this section shall be fined not more than five  
674 [hundred] thousand dollars or imprisoned not more than thirty days,  
675 or both.

676 Sec. 41. Section 38a-830 of the general statutes is repealed and the  
677 following is substituted in lieu thereof (*Effective October 1, 2008*):

678 Any person or corporation which violates any provision of section  
679 38a-828 or 38a-829 shall, for the first offense, forfeit to the state [five  
680 hundred] ten thousand dollars and, for each subsequent offense, [one]  
681 twenty thousand dollars.

682 Sec. 42. Subdivision (2) of section 38a-843 of the general statutes is  
683 repealed and the following is substituted in lieu thereof (*Effective*  
684 *October 1, 2008*):

685 (2) The commissioner may: (a) Require that said association notify  
686 those persons insured by the insolvent insurer, and any other  
687 interested parties, of the determination of insolvency and of their  
688 rights under sections 38a-836 to 38a-853, inclusive. Such notification  
689 shall be by mail sent to their last known address, where available,  
690 provided if sufficient information for such notification by mail is not  
691 available, notice by publication in a newspaper of general circulation  
692 shall be sufficient to satisfy the requirements of this subsection; (b)  
693 suspend or revoke, after notice and hearing, the certificate of authority

694 to transact insurance in this state of any member insurer [which] that  
695 fails to pay an assessment when due or which fails to comply with said  
696 plan of operation. In lieu of [any] such suspension or revocation, the  
697 commissioner may levy a fine on any member insurer which fails to  
698 pay an assessment when due, provided no such fine shall exceed five  
699 per cent of the unpaid assessment per month, and provided no fine  
700 shall be less than [one] five hundred dollars per month; (c) revoke the  
701 designation of any servicing facility if he finds claims are being  
702 handled unsatisfactorily.

703 Sec. 43. Subsection (b) of section 38a-868 of the general statutes is  
704 repealed and the following is substituted in lieu thereof (*Effective*  
705 *October 1, 2008*):

706 (b) The commissioner may suspend or revoke, after notice and  
707 hearing, the certificate of authority issued by this state to any member  
708 insurer [which] that fails to pay an assessment when due or fails to  
709 comply with the plan of operation. As an alternative the commissioner  
710 may levy a forfeiture on any member insurer [which] that fails to pay  
711 an assessment when due. Such forfeiture shall not exceed five per cent  
712 of the unpaid assessment per month, but no forfeiture shall be less  
713 than [one] five hundred dollars per month.

714 Sec. 44. Section 38a-885 of the general statutes is repealed and the  
715 following is substituted in lieu thereof (*Effective October 1, 2008*):

716 Any person filing with the department any notice, statement or  
717 other document required under the provisions of section 38a-884 [,  
718 which] that is false or untrue or contains any material misstatement of  
719 fact shall be fined not less than [two] three hundred dollars.

720 Sec. 45. Section 38a-886 of the general statutes is repealed and the  
721 following is substituted in lieu thereof (*Effective October 1, 2008*):

722 When the department receives an application, as provided in  
723 section 38a-884, the Attorney General, at the request of the  
724 commissioner, may apply in the name of the state of Connecticut to the

725 Superior Court for an order temporarily or permanently restraining  
726 and enjoining the continuance of such act or acts, for an order directing  
727 restitution to any aggrieved person, payment to the guaranty fund for  
728 any payments the fund made to aggrieved persons, attorney's fees,  
729 costs, a civil penalty of not more than one thousand five hundred  
730 dollars per violation and such other relief as may be granted in equity.

731 Sec. 46. Section 38a-908 of the general statutes is repealed and the  
732 following is substituted in lieu thereof (*Effective October 1, 2008*):

733 (a) Any officer, manager, director, trustee, owner, employee or  
734 agent of any insurer, or any other persons with authority over or in  
735 charge of any segment of the insurer's affairs, shall cooperate with the  
736 commissioner in any proceeding under this chapter or any  
737 investigation preliminary to the proceeding. The term "person" as used  
738 in this section shall include any person who exercises control directly  
739 or indirectly over activities of the insurer through any holding  
740 company or other affiliate of the insurer. "To cooperate" shall include,  
741 but shall not be limited to, the following: (1) To reply promptly in  
742 writing to any inquiry from the commissioner requesting such a reply;  
743 and (2) to make available to the commissioner any books, accounts,  
744 documents, or other records or information or property of or  
745 pertaining to the insurer and in his possession, custody or control.

746 (b) No person shall obstruct or interfere with the commissioner in  
747 the conduct of any delinquency proceeding or any investigation  
748 preliminary or incidental thereto.

749 (c) This section shall not be construed to abridge otherwise existing  
750 legal rights, including the right to resist a petition for liquidation or  
751 other delinquency proceedings, or other orders.

752 (d) Any person included within subsection (a) of this section who  
753 fails to cooperate with the commissioner, or any person who obstructs  
754 or interferes with the commissioner in the conduct of any delinquency  
755 proceeding or any investigation preliminary or incidental thereto, or  
756 who violates any order the commissioner issued validly under sections



757 38a-903 to 38a-961, inclusive, may: (1) Be sentenced to pay a fine not  
758 exceeding ten thousand dollars or [to undergo imprisonment for a  
759 term of] imprisoned not more than one year, or both; [.] or (2) after a  
760 hearing, be subject to [the imposition by the commissioner, of] a civil  
761 penalty not to exceed [ten] twenty-five thousand dollars and [shall be  
762 subject further to] the revocation or suspension of any insurance  
763 licenses issued by the commissioner.

764 Sec. 47. Subsection (b) of section 38a-925 of the general statutes is  
765 repealed and the following is substituted in lieu thereof (*Effective*  
766 *October 1, 2008*):

767 (b) Any agent failing to give notice or file a report of compliance as  
768 required in subsection (a) of this section may be subject to [payment of]  
769 a penalty of not more than [one thousand] two thousand five hundred  
770 dollars and may have his license suspended, said penalty to be  
771 imposed after a hearing held by the commissioner.

772 Sec. 48. Subsection (b) of section 38a-935 of the general statutes is  
773 repealed and the following is substituted in lieu thereof (*Effective*  
774 *October 1, 2008*):

775 (b) Upon satisfactory evidence of a violation of this section [.] by a  
776 person other than an insured, the commissioner may [pursue either  
777 one or both] require any of the following: [courses of action:] (1)  
778 Suspend or revoke or refuse to renew the licenses of such offending  
779 party or parties; or (2) impose a penalty of not more than [one  
780 thousand] two thousand five hundred dollars for each [and every] act  
781 in violation of this section by said party or parties.

782 Sec. 49. Section 38a-997 of the general statutes is repealed and the  
783 following is substituted in lieu thereof (*Effective October 1, 2008*):

784 Any person who knowingly and wilfully obtains information  
785 concerning an individual from an insurance institution, agent or  
786 insurance-support organization under false pretenses shall be fined not  
787 more than [ten] twenty thousand dollars.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2008</i>	38a-2
Sec. 2	<i>October 1, 2008</i>	38a-41(c)
Sec. 3	<i>October 1, 2008</i>	38a-48(h)
Sec. 4	<i>October 1, 2008</i>	38a-53(e)
Sec. 5	<i>October 1, 2008</i>	38a-90f(a)
Sec. 6	<i>October 1, 2008</i>	38a-140(c) to (f)
Sec. 7	<i>October 1, 2008</i>	38a-164(b)
Sec. 8	<i>October 1, 2008</i>	38a-226b
Sec. 9	<i>October 1, 2008</i>	38a-226c(d)
Sec. 10	<i>October 1, 2008</i>	38a-277(e)
Sec. 11	<i>October 1, 2008</i>	38a-278
Sec. 12	<i>October 1, 2008</i>	38a-287
Sec. 13	<i>October 1, 2008</i>	38a-306
Sec. 14	<i>October 1, 2008</i>	38a-456(a)
Sec. 15	<i>October 1, 2008</i>	38a-464
Sec. 16	<i>October 1, 2008</i>	38a-506
Sec. 17	<i>October 1, 2008</i>	38a-537(a)
Sec. 18	<i>October 1, 2008</i>	38a-548
Sec. 19	<i>October 1, 2008</i>	38a-588
Sec. 20	<i>October 1, 2008</i>	38a-622
Sec. 21	<i>October 1, 2008</i>	38a-626
Sec. 22	<i>October 1, 2008</i>	38a-658
Sec. 23	<i>October 1, 2008</i>	38a-680
Sec. 24	<i>October 1, 2008</i>	38a-703
Sec. 25	<i>October 1, 2008</i>	38a-704
Sec. 26	<i>October 1, 2008</i>	38a-713
Sec. 27	<i>October 1, 2008</i>	38a-725
Sec. 28	<i>October 1, 2008</i>	38a-733
Sec. 29	<i>October 1, 2008</i>	38a-734
Sec. 30	<i>October 1, 2008</i>	38a-735
Sec. 31	<i>October 1, 2008</i>	38a-764(b)
Sec. 32	<i>October 1, 2008</i>	38a-772
Sec. 33	<i>October 1, 2008</i>	38a-773
Sec. 34	<i>October 1, 2008</i>	38a-774(a)
Sec. 35	<i>October 1, 2008</i>	38a-777
Sec. 36	<i>October 1, 2008</i>	38a-786(c)
Sec. 37	<i>October 1, 2008</i>	38a-790(b)

Sec. 38	<i>October 1, 2008</i>	38a-792(c)
Sec. 39	<i>October 1, 2008</i>	38a-817
Sec. 40	<i>October 1, 2008</i>	38a-826
Sec. 41	<i>October 1, 2008</i>	38a-830
Sec. 42	<i>October 1, 2008</i>	38a-843(2)
Sec. 43	<i>October 1, 2008</i>	38a-868(b)
Sec. 44	<i>October 1, 2008</i>	38a-885
Sec. 45	<i>October 1, 2008</i>	38a-886
Sec. 46	<i>October 1, 2008</i>	38a-908
Sec. 47	<i>October 1, 2008</i>	38a-925(b)
Sec. 48	<i>October 1, 2008</i>	38a-935(b)
Sec. 49	<i>October 1, 2008</i>	38a-997

**INS**      *Joint Favorable Subst.-LCO*

**JUD**      *Joint Favorable*